Clarence Campeau Development Fund

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Board of Directors

Guy Bouvier - Chairman
Minister or Economic Development

Ron Rivard - Vice Chair

Philip Tinker - North

Marty Klyne - South

Kathy Palidwar - Member -At-Large

Hal Sanders - Ex-Officio

Curtis Talbot - Ex-Officio

Gregg Fofonoff - Ex-Officio

Geordy McCaffrey - Ex-Officio

"Serving Saskatchewan's Métis"

Clarence Campeau Development Fund

Annual Report 2003

Clarence Campeau Development Fund

"Serving Saskatchewan's Metis"

The Clarence Campeau Development Fund (CCDF) is named after the late Clarence Campeau, Métis political leader and promoter of Métis self-sufficiency through business and economic development activities.

The CCDF is designed to provide financial assistance to Métis individuals and Métis communities in Saskatchewan for economic and small business development activities.

104-06131/

The Fund

The Clarence Campeau Development Fund (CCDF) was established by The Métis Society of Saskatchewan Inc. subject to an agreement with the Government of Saskatchewan dated June 11, 1997. In September of 2001 an amendment to the Gaming Act recognized CCDF in legislation and a new Agreement between the province and the Métis Nation-Saskatchewan Secretariat Inc. was executed in December 2002.

The objective of the Fund is to stimulate economic development activities of Métis people and communities by providing equity for Métis businesses, support to community economic development initiatives and assistance for the development of the management skills of new and existing Métis business owners and entrepreneurs. The Fund derives its revenue subject to the agreement with the Government of Saskatchewan.

Mission Statement

The mission of the CCDF is to improve the economic circumstances of Saskatchewan Métis by providing funding for community business development initiatives, development of management skills and assistance to new and existing Métis business.

Goals and Objectives

The goals of the CCDF are as follows:

a) To ensure that Métis entrepreneurs acquire the management, administrative and marketing skills necessary for business success;
b) To increase employment opportunities for Métis persons;
c) To improve incomes for Métis persons.

Programs

1. LOAN/EQUITY CONTRIBUTION PROGRAM

This program is to assist Métis entrepreneurs by providing capital through interest free loans or equity that will enhance the applicants ability to leverage financing from other institutions and agencies.

CCDF can provide financial assistance of up to the lessor of $200,000 per project or 35% of the value of the fixed assets identified in the program costs.

Purpose:

- The purchase or start-up of a new business
- The purchase of an existing business
- Business expansion or renovation

Method of Investment:

- Re-payable contributions for a term not to exceed seven years
- Equity instruments as follows to be held for a maximum period of 10 years:
  - Common shares
  - Preferred shares
  - Convertible preferred shares, or
- Convertible debentures for a maximum period of 10 years

General Guidelines:

- Businesses funded under this program must be for-profit and demonstrate viability through a sound business plan;
- Applicants must contribute a minimum of 5% equity to the project. Projects deemed by the Fund to be higher risk will require larger equity contributions;
- Equity may be in the form of cash, machinery, equipment, real estate or other unencumbered fixed assets. Assets must be valued at fair market value by an independent appraiser.

2. COMMUNITY BUSINESS DEVELOPMENT PROGRAM

This program is intended to assist Métis community owned business development associations and corporations leverage capital to develop businesses that will result in the creation of wealth and jobs for Métis.

Under this program CCDF can provide a one time non-repayable contribution up to the lessor of $100,000 or 35% of the value of fixed assets as identified in the program costs. Should the business be sold or disposed of within three years of receiving a non-repayable contribution it will become repayable immediately.

As well CCDF can contribute up to the lessor of $200,000 or 35% of the value of the fixed assets as a repayable contribution, preferred shares, convertible preferred shares or convertible debentures.

Repayable contributions will be for a term not to exceed seven years while equity instruments will not exceed 10 years.

Programs

Note: Total funding from CCDF under this program will not exceed 50% of the value of the fixed assets.

Purpose:

- To start a new business
- To purchase an existing business
- To renovate or expand and existing business

Guidelines:

- Businesses funded under this program must be for-profit and demonstrate viability through a sound business plan;
- The community will be expected to demonstrate its commitment through an injection of reasonable equity.

3. LARGE SCALE OR JOINT VENTURE PROJECTS PROGRAM

Funding is available under this program for up to the lesser of $1,000,000 or 50% of the value of the fixed assets identified in the program. The Funding is available to Métis owned business projects with capital expenditures in excess of $2,000,000. These projects must be for profit and commercially viable. Priority will be given to higher-end, value added projects.

Financial assistance will be in the form of:

- Common shares
- Preferred shares
- Convertible debentures for a maximum period of 10 years
- Units in a limited partnership or joint venture for a period set out in the partnership agreement or joint venture agreement

4. DEVELOPMENT OF MANAGEMENT AND MARKETING SKILLS PROGRAM

This program supports training for new and existing Métis entrepreneurs to develop their management and marketing skills.

Guidelines:

- Applicants must provide an application that includes the purpose of the course as well as a course outline and a detailed budget;
- Applicants must demonstrate that they have approached other Métis educational funding agencies prior to applying to CCDF. CCDF does not intend to duplicate the services of other Métis Nation agencies or affiliates;
- Training must be through credible organizations that undertake to provide appropriate training;
- The training must be specific to business management and not technical training unrelated to the development of management and marketing skills;
- The maximum available under this program is 75% of the approved costs;
- CCDF funds only direct course costs such as tuition, workshop fees, and books. Living costs are not included;
- This funding is only for short courses (degree and post-graduate studies are excluded);

Programs

- CCDF can support the development of business related courses through Métis training institutions. In this case the institution must provide accurate budgets, complete details on the training including a course outline and a list of the individuals (full and part time) enrolling in the program and other information that may be required to evaluate the success of the training upon completion.

5. BUSINESS PLAN ASSISTANCE PROGRAM:

This program is intended to provide support to entrepreneurs who, in the opinion of the Fund, have a business concept that, through initial screening, provides excellent opportunity but requires a professional business plan in order to attract financing.

This program will allow entrepreneurs to engage the services of a professional consultant in order to undertake the quality of research and planning necessary to develop a business plan and attract financing.

Guidelines:

- The applicant will provide CCDF with an application for initial screening by the fund;
- The applicant must provide the name and qualifications of the consultant, a terms of reference and a quote of the costs agreed to;
- CCDF can consider funding up to 75% of the costs to a maximum of $10,000;
- This funding will not be repayable.

6. SUPPORT FOR AFTERCARE PROGRAM

This program is intended to provide professional support to new businesses in order to help improve the opportunity for success.

Guidelines:

- Funding under this program is intended to allow the business to engage the services of a professional consultant to examine the operations of the business in order to identify areas that may require special attention;
- The applicant must provide the name and qualifications of the consultant, a terms of reference and a quote of the costs agreed to;
- CCDF can consider funding up to 75% of the costs, to a maximum of $5,000 in each of the first two years of the business operation. Unused portions in any year will not be carried forward;
- Funding under this program is not repayable;
- Funding is not intended for the development of interim or annual financial statements.

General Guidelines for All Projects

Projects which are not eligible:

- Refinancing (some exceptions apply)
- Payment of dividends
- Cultural activities
- Social programs
- Political bodies for political process
- Residential real estate

All applicants will be required to enter into a contractual agreement with CCDF.

Cumulative Funding Approval Report

YEAR	TYPE	NUMBER	AMOUNT	JOBS	LEVERAGED $
1998	C/D	9	$ 177,109	-	$ 335,818
1999	C/D	19	$ 522,650	-	$ 603,980
2000	C/D	18	$ 468,300	-	$ 1,144,909
2001	C/D	19	$ 427,566	13	$ 615,317
2002	C/D	7	$ 302,467	12	$ 396,686
2003	C/D	3	$ 221,350	5	$ 159,920
Total		**75**	**$ 2,119,442**	**30**	**$ 3,256,630**
1998	E	17	$ 419,908	39	$ 2,091,231
1999	E	49	$ 1,212,768	98	$ 4,076,152
2000	E	57	$ 739,593	85	$ 2,934,716
2001	E	49	$ 693,183	102	$ 2,412,600
2002	E	55	$ 838,816	90	$ 2,234,803
2003	E	31	$ 1,178,142	93	$ 3,016,812
Total		**258**	**$ 5,082,410**	**414**	**$16,766,314**
2003	**BP**	**28**	**$ 68,623**	-	-
2000	MSD	1	$ 100,000		$ 251,128
2003	MSD	4	$ 8,169		$ -
Total		**5**	**$ 108,169**		**$ 251,128**
Cum Total		**366**	**$ 7,378,644**	**444**	**$20,274,072**

C/D - Community Business Development Program
E - Loan Equity Contribution Program
MSD - Management and Marketing Skills Development Program
BP - Business Plans & Aftercare Programs

Auditors' Report

TO THE DIRECTORS OF
CLARENCE CAMPEAU DEVELOPMENT FUND

We have audited the statement of assets, liabilities and fund surplus of the Clarence Campeau Development Fund as at December 31, 2003 and the statements of revenue, expenditures and fund surplus and of cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2003 and the results of its operations and of its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

February 9, 2004

CLARENCE CAMPEAU DEVELOPMENT FUND (Operating as the Métis Development Fund)

STATEMENT OF REVENUE, EXPENDITURES AND FUND SURPLUS

year ended December 31, 2003

	Budget	2003	2002
	(Unaudited)		
Revenues	$ 2,000,000	$ **2,003,924**	$ 2,002,839
Reimbursements from National Aboriginal Capital Corporation Association	-	**32,541**	16,881
Interest and investment income	153,932	**230,925**	184,558
	2,153,932	**2,267,390**	2,204,278
Operating expenditures			
Advertising and promotion	60,000	**61,717**	44,453
Amortization of capital assets	-	**13,615**	11,899
Bank charges	600	**60**	572
Consulting fees	40,000	**3,009**	12,739
Directors' expenses	49,200	**56,039**	54,455
Office expenses	75,860	**62,667**	46,748
Professional fees	43,000	**43,351**	39,723
Rent	24,000	**25,449**	8,298
Salaries and benefits	225,420	**214,992**	175,808
Telephone	13,200	**9,913**	7,917
Training	5,500	**1,281**	2,407
	536,780	**492,093**	405,019
	1,617,152	**1,775,297**	1,799,259
Other expenditures			
Grants to community projects (Note 6)	-	**261,513**	355,134
Defaulted contributions receivable (Note 4	-	**92,487**	244,055
Additional provision for contributions receivable losses (Note 4)	-	**28,225**	(28,840)
	-	**382,225**	570,349
Excess of revenue over expenditures	(1,617,152)	**1,393,072**	1,228,910
Fund surplus, beginning of year	(9,196,883)	**9,196,883**	7,967,973
Fund surplus, end of year	$ 10,814,035	$ **10,589,955**	$ 9,196,883

See accompanying notes

CLARENCE CAMPEAU DEVELOPMENT FUND (Operating as the Métis Development Fund)

STATEMENT OF ASSETS, LIABILITIES AND FUND SURPLUS

year ended December 31, 2003

	2003	2002
CURRENT ASSETS		
Cash	$ 2,455,367	$ 1,636,776
Short-term investments (Note 3)	5,837,092	5,659,572
Accounts receivable	24,387	9,619
Interest receivable	9,886	29,540
Current portion of contributions receivable (Notes 4 and 6)	519,796	498,443
	8,846,528	7,833,950
LONG-TERM INVESTMENTS (Note 3)	536,000	286,000
CONTRIBUTIONS RECEIVABLE (Notes 4 and 6)	1,163,168	1,180,506
CAPITAL ASSETS (Note 5)	44,259	36,682
	$ 10,589,955	$ 9,337,138
CURRENT LIABILITIES		
Contributions and grants payable (Note 6)	$ -	$ 140,255
FUND SURPLUS	10,589,955	9,196,883
	$ 10,589,955	$ 9,337,138

See accompanying notes

APPROVED BY THE BOARD:

..... **Director**

..... **Director**

CLARENCE CAMPEAU DEVELOPMENT FUND (Operating as the Métis Development Fund)

STATEMENT OF CASH FLOWS

year ended December 31, 2003

	2003	2002
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Excess of revenue over expenditures	$ 1,393,072	$ 1,228,910
Items not affecting cash		
Amortization	13,615	11,899
Defaulted contributions receivable (Note 4)	92,487	244,055
Additional provision for contributions receivable losses (Note 4)	28,225	(28,840)
Net change in non-cash working capital items relating to operations (Note 7)	(135,369)	32,866
	1,392,030	1,488,890
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Contribution receipts	394,849	943,117
Contribution payments	(519,575)	(898,762)
Purchase of capital assets	(21,193)	(35,469)
Advances for mortgages	(250,000)	(286,000)
	(395,919)	(277,114)
INCREASE IN CASH DURING THE YEAR	996,111	1,211,776
CASH POSITION, BEGINNING OF YEAR	7,296,348	6,084,572
CASH POSITION, END OF YEAR	$ 8,292,459	$ 7,296,348
Cash, for purpose of the statement of cash flows, consists of:		
Cash	$ 2,455,367	$ 1,636,776
Short term investments	5,837,092	5,659,572
	$ 8,292,459	$ 7,296,348

See accompanying notes

CLARENCE CAMPEAU DEVELOPMENT FUND (Operating as the Métis Development Fund)
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2003

1. NATURE OF THE FUND

The Clarence Campeau Development Fund ("the Fund") was established by The Métis Society of Saskatchewan Inc. ("Métis Nation") pursuant to an agreement with the Government of Saskatchewan (Economic & Co-operative Development) dated June 11, 1997. Effective November 9, 2001 the Minister of Aboriginal Affairs designated the Fund as the Métis Development Fund pursuant to the Saskatchewan Gaming Corporation Act. A new Agreement between the province and the Métis Nation-Saskatchewan Secretariat Inc. was executed in December 2002 and the Fund is governed in accordance with that agreement.

The objective of the Fund is to stimulate economic development activities of Métis people and communities by providing equity for Métis businesses, supporting community economic development initiatives and developing management skills of new and existing Métis business owners and entrepreneurs. To achieve this, the Fund makes repayable contributions to qualifying projects and both repayable contributions and non-repayable grants to community projects.

The term of the repayable contributions by the Fund is up to seven years. Equity instruments and convertible debentures can be held by the Fund for a maximum period of ten years. Contributions are targeted to commercially viable, market-based projects, primarily in value-added sectors of the economy such as forestry, mining, tourism and information technology with specific contribution criteria to be approved by the Board. The Board may enter into agreements with other contributing entities and appropriate business support agencies. Each single project is subject to a maximum of the lesser of 35% of the value of the fixed assets identified in the project costs or $200,000. Funding is available for large scale or joint venture projects for up to the lesser of $1,000,000 or 50% of the value of the fixed assets identified in the project.

Under the Community Development Business Program, the Fund can provide a one time non-repayable grant up to the lesser of $100,000 or 35% of the value of the fixed assets identified in the project costs. Should the business be sold or disposed of within three years of receiving a non-repayable contribution, it will become repayable immediately. Under the Development of Management and Marketing Skills Program, the Fund can provide grants up to 75% of approved training costs. Under the Business Plan Assistance Program, the Fund can provide grants up to 75% of the costs to a maximum of $10,000. Under the Support for Aftercare Program, the Fund can provide grants up to 75% of the costs, to a maximum of $5,000 in each of the first two years of the business operation. Unused portions in any year will not be carried forward.

The Fund derives its revenue pursuant to the Saskatchewan Gaming Corporation Act. In 2003 non-repayable grants consisted of $2,000,000 from the Department of Government Relations & Aboriginal Affairs (2002 - $2,000,000).

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses at year end. Actual results could differ from those estimates.

Cash and Investments

Cash and cash equivalents consist of cash on hand and balances with banks, and short-term investments in money market instruments and bankers acceptances.
Short-term investments are recorded at the lower of cost or market value. Long-term investments are recorded at cost less any amounts written off to reflect permanent declines in value.

Capital Assets and Amortization

Capital assets are recorded at cost. Normal repair and maintenance costs are expensed as incurred.
Amortization is recorded in the accounts on the diminishing balance basis as follows:

Office furniture	20%
Computer equipment	30%
Computer software	100%

Revenue Recognition

Revenue received or receivable pursuant to the agreement with the Government of Saskatchewan is recognized as revenue if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment and interest income is recognized as revenue when earned.

Contributions and Grants

Contributions and grants under $25,000 are recorded when the Fund Manager has approved the payment and all conditions are met by the applicant. Contributions and grants over $25,000 and less than $50,000 are recorded when the Audit and Finance Committee has approved the payment and all conditions are met by the applicant. Contributions and grants over $50,000 are recorded when the Board has approved the payment and all conditions are met by the applicant.

Financial Instruments

The fair market value of cash, accounts receivable, interest receivable and accounts payable approximate their carrying values. Management does not believe that the Fund is exposed to significant interest, currency or credit risks as a result of these instruments.

3. INVESTMENTS

Short-term investments consist of money market funds and bankers acceptances. The market value of the short-term investments at December 31, 2003 is $5,843,868 (2002 - $5,684,728).

Long-term investments consist of a $286,000 4% five-year first mortgage against land and building owned by Provincial Métis Holdco Inc. The fair market value of this land and building at December 31, 2003 is $710,000.

Long-term investments also consist of a $250,000 fifteen-year first mortgage against land and building owned by Dumont Technical Institute. Interest is renewed annually on December 1st at an interest rate of 2% over the Scotia McLeod five-year banker acceptance rate at that date. Interest in year one will be at a simple interest rate of 5%. The fair market value of this land and building at December 31, 2003 is $640,000.

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable are amounts distributed to qualified projects to provide funding. These amounts are interest-free and repayable to the Fund over a maximum term of seven years. The maximum term for equity instruments is ten years and usually involves the payment of regular dividend payments.

All contributions in arrears are handled on a case-by-case basis and are written-off after all reasonable restructuring/collection activities have taken place and the possibility of further recovery is considered to be remote.

A contribution is classified as non-performing when management has determined that there is a reasonable doubt as to the ultimate collectability of principal. The provision for defaulted contributions receivable consists of specific items established on a case-by-case basis and a general provision of 10% of the outstanding contributions receivable.

The Fund evaluates each client's creditworthiness on a case-by-case basis. The Fund contracts project assessment and project follow up and evaluation services from other qualified institutions or businesses, where necessary. All applicants are required to enter into a contractual agreement with the Fund. Further, the Fund is required to ensure Métis ancestry when granting an equity contribution.

Contributions receivable are principally the financial instruments which potentially subject the Fund to concentrations of credit risk. Management is not aware of any concentrations of contributions to classes of borrowers or industries that would be similarly affected by economic conditions. Although the Fund's contributions portfolio is diversified, a substantial portion of its borrowers' ability to honour the terms of their loans is dependent on business and economic conditions in Saskatchewan.

4. CONTRIBUTIONS RECEIVABLE (continued)

Contributions receivable consist of the following:

	2003	2002
Contributions receivable	$ 1,990,226	$ 2,109,554
Less provision for defaulted contributions		
Specific items	(92,487)	(244,055)
General provision	(214,775)	(186,550)
	1,682,964	1,678,949
Less current portion	(519,796)	(498,443)
Non-current contributions receivable	$ 1,163,168	$ 1,180,506

The fair value of contributions receivable is not readily determinable as there is no market for the contributions receivable and it is management's intention to hold these receivables to maturity.

5. CAPITAL ASSETS

	2003			2002
	Cost	Amortization	Value	Value
Office furniture	$ 47,506	$ 17,526	$ 29,980	$ 21,402
Computer equipment	34,274	19,995	14,279	15,280
Computer software	2,623	2,623	-	-
	$ 84,403	$ 40,144	$ 44,259	$ 36,682

6. RELATED PARTY TRANSACTIONS

Transactions with related parties are measured at the exchange amount of consideration established and agreed to by the related parties.

During the year, the Fund paid $3,000 (2002 - $4,500) to the Métis Nation in contributions for qualified projects. The Fund also paid $2,133 (2002 - $40,138) to the SaskNative Economic Development Corporation (SNEDCO), beneficially owned by the Métis Nation, in non-repayable grants for the preparation of business plans, credit checks and basic office expenses. The Fund also paid $1,217 (2002 - $7,088) to the Dumont Technical Institute, the educational arm of the Métis Nation, in contributions for qualified projects and $250,000 for a first mortgage against the property owned by the Dumont Technical Institute. The Fund also paid $609 (2002 - $2,481) for office rent and $nil for other payments (2002 - $286,000 for a first mortgage) to the Provincial Métis Holdco Inc., a wholly owned subsidiary of the Métis Nation.

6. RELATED PARTY TRANSACTIONS (continued)

Pursuant to an agreement between the Government of Saskatchewan and the Métis Nation, the Fund provided the Métis Nation with non-repayable grant of $100,000 (2002 - $85,000) for further development to the Batoche historic site. Funds were disbursed directly to suppliers as requested by the Métis Nation.

The Fund also provided Back to Batoche Festival Inc. with a donation of $25,000 (2002 - $25,000) for the annual Metis festival in accordance with the Fund's approved 2003 budget. Back to Batoche Festival Inc. is related to the Métis Nation by way of mutual board representation.

As at December 31, 2003, the Fund has Snil grants payable to related parties (2002 - $85,000 to the Métis Nation and $50,000 to the Dumont Technical Institute).

The Board allows its members to apply for contributions for qualifying projects. During the year, the Board did not approve any new contributions for these projects. At December 31, 2003, outstanding contributions receivable from board members amounted to $70,344 (2002 - $117,076).

7. NET CHANGE IN NON-CASH WORKING CAPITAL

Details of net changes in each element of non-cash working capital relating to operations are as follows:

	2003	2002
(Increase) decrease in current assets		
Accounts receivable	$ (14,768)	$ 6,898
Interest receivable	19,654	11,209
	4,886	4,311
Increase (decrease) in current liabilities		
Accounts payable	-	(8,200)
Contributions payable	(140,255)	36,755
	(140,255)	28,555
	$ (135,369)	$ 32,866

8. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.

Board of Directors

Guy Bouvier - Chairman of the Board
Minister of Economic Development
Métis Nation - Saskatchewan
Meadow Lake, Saskatchewan

Ron Rivard - Vice Chairman of the Board
Businessman
Saskatoon, Saskatchewan

Philip Tinker - North
Businessman
Pinehouse, Saskatchewan

Marty Klyne - South
Businessman
Regina, Saskatchewan

Kathy Palidwar - Member-at-Large
Businesswoman
Nipawin, Saskatchewan

Hal Sanders - Ex-Officio
Saskatchewan Industry & Resources
Regina, Saskatchewan

Curtis Talbot - Ex-Officio
Saskatchewan Government Relations & Aboriginal Affairs
Regina, Saskatchewan

Greg Fofonoff - Ex-Officio
CEO - SaskNative Economic Development Corporation
Saskatoon, Saskatchewan

Geordy McCaffrey - Ex-Officio
Principal - Dumont Technical Institute
Saskatoon, Saskatchewan

CCDF Staff

Roland Duplessis - Fund Manager
Georgette Nicolas - Business Development Officer
Monica Brunet - Officer Manager

CLARENCE CAMPEAU DEVELOPMENT FUND
(Operating as the Métis Development Fund)

FINANCIAL STATEMENTS

December 31, 2003

Deloitte

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122 1st Ave. S.
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Saskatoon SK S7K 7E5
Canada

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Fax: (306) 343-4480
www.deloitte.ca

AUDITORS' REPORT

TO THE DIRECTORS OF
CLARENCE CAMPEAU DEVELOPMENT FUND

We have audited the statement of assets, liabilities and fund surplus of the Clarence Campeau Development Fund as at December 31, 2003 and the statements of revenue, expenditures and fund surplus and of cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2003 and the results of its operations and of its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

February 9, 2004

Member of
Deloitte Touche Tohmatsu

CLARENCE CAMPEAU DEVELOPMENT FUND
(Operating as the Métis Development Fund)
STATEMENT OF REVENUE, EXPENDITURES AND FUND SURPLUS
year ended December 31, 2003

	Budget	2003	2002
	(Unaudited)		
Revenues	$ 2,000,000	$ 2,003,924	$ 2,002,839
Reimbursements from National Aboriginal Capital Corporation Association	-	32,541	16,881
Interest and investment income	153,932	230,925	184,558
	2,153,932	2,267,390	2,204,278
Operating expenditures			
Advertising and promotion	60,000	61,717	44,453
Amortization of capital assets	-	13,615	11,899
Bank charges	600	60	572
Consulting fees	40,000	3,009	12,739
Directors' expenses	49,200	56,039	54,455
Office expenses	75,860	62,667	46,748
Professional fees	43,000	43,351	39,723
Rent	24,000	25,449	8,298
Salaries and benefits	225,420	214,992	175,808
Telephone	13,200	9,913	7,917
Training	5,500	1,281	2,407
	536,780	492,093	405,019
	1,617,152	1,775,297	1,799,259
Other expenditures			
Grants to community projects (Note 6)	-	261,513	355,134
Defaulted contributions receivable (Note 4)	-	92,487	244,055
Additional provision for contributions receivable losses (Note 4)	-	28,225	(28,840)
	-	382,225	570,349
Excess of revenue over expenditures	(1,617,152)	1,393,072	1,228,910
Fund surplus, beginning of year	(9,196,883)	9,196,883	7,967,973
Fund surplus, end of year	$ 10,814,035	$ 10,589,955	$ 9,196,883

See accompanying notes

CLARENCE CAMPEAU DEVELOPMENT FUND
(Operating as the Métis Development Fund)
STATEMENT OF ASSETS, LIABILITIES AND FUND SURPLUS
as at December 31, 2003

	2003	2002
CURRENT ASSETS		
Cash	$ 2,455,367	$ 1,636,776
Short-term investments (Note 3)	5,837,092	5,659,572
Accounts receivable	24,387	9,619
Interest receivable	9,886	29,540
Current portion of contributions receivable (Notes 4 and 6)	519,796	498,443
	8,846,528	7,833,950
LONG-TERM INVESTMENTS (Note 3)	536,000	286,000
CONTRIBUTIONS RECEIVABLE (Notes 4 and 6)	1,163,168	1,180,506
CAPITAL ASSETS (Note 5)	44,259	36,682
	$ 10,589,955	$ 9,337,138
CURRENT LIABILITIES		
Contributions and grants payable (Note 6)	$ -	$ 140,255
FUND SURPLUS	10,589,955	9,196,883
	$ 10,589,955	$ 9,337,138

See accompanying notes

APPROVED BY THE BOARD:

..... **Director**

..... **Director**

CLARENCE CAMPEAU DEVELOPMENT FUND
(Operating as the Métis Development Fund)
STATEMENT OF CASH FLOWS
year ended December 31, 2003

	2003	2002
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Excess of revenue over expenditures	$ 1,393,072	$ 1,228,910
Items not affecting cash		
Amortization	13,615	11,899
Defaulted contributions receivable (Note 4)	92,487	244,055
Additional provision for contributions receivable losses (Note 4)	28,225	(28,840)
Net change in non-cash working capital items relating to operations (Note 7)	(135,369)	32,866
	1,392,030	1,488,890
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Contribution receipts	394,849	943,117
Contribution payments	(519,575)	(898,762)
Purchase of capital assets	(21,193)	(35,469)
Advances for mortgages	(250,000)	(286,000)
	(395,919)	(277,114)
INCREASE IN CASH DURING THE YEAR	996,111	1,211,776
CASH POSITION, BEGINNING OF YEAR	7,296,348	6,084,572
CASH POSITION, END OF YEAR	$ 8,292,459	$ 7,296,348
Cash, for purpose of the statement of cash flows, consists of:		
Cash	$ 2,455,367	$ 1,636,776
Short-term investments	5,837,092	5,659,572
	$ 8,292,459	$ 7,296,348

See accompanying notes

1. NATURE OF THE FUND

The Clarence Campeau Development Fund ("the Fund") was established by The Métis Society of Saskatchewan Inc. ("Métis Nation") pursuant to an agreement with the Government of Saskatchewan (Economic & Co-operative Development) dated June 11, 1997. Effective November 9, 2001 the Minister of Aboriginal Affairs designated the Fund as the Métis Development Fund pursuant to the Saskatchewan Gaming Corporation Act. A new Agreement between the province and the Métis Nation-Saskatchewan Secretariat Inc. was executed in December 2002 and the Fund is governed in accordance with that agreement.

The objective of the Fund is to stimulate economic development activities of Métis people and communities by providing equity for Métis businesses, supporting community economic development initiatives and developing management skills of new and existing Métis business owners and entrepreneurs. To achieve this, the Fund makes repayable contributions to qualifying projects and both repayable contributions and non-repayable grants to community projects.

The term of the repayable contributions by the Fund is up to seven years. Equity instruments and convertible debentures can be held by the Fund for a maximum period of ten years. Contributions are targeted to commercially viable, market-based projects, primarily in value-added sectors of the economy such as forestry, mining, tourism and information technology with specific contribution criteria to be approved by the Board. The Board may enter into agreements with other contributing entities and appropriate business support agencies. Each single project is subject to a maximum of the lesser of 35% of the value of the fixed assets identified in the project costs or $200,000. Funding is available for large scale or joint venture projects for up to the lesser of $1,000,000 or 50% of the value of the fixed assets identified in the project.

Under the Community Development Business Program, the Fund can provide a one time non-repayable grant up to the lesser of $100,000 or 35% of the value of the fixed assets identified in the project costs. Should the business be sold or disposed of within three years of receiving a non-repayable contribution, it will become repayable immediately. Under the Development of Management and Marketing Skills Program, the Fund can provide grants up to 75% of approved training costs. Under the Business Plan Assistance Program, the Fund can provide grants up to 75% of the costs to a maximum of $10,000. Under the Support for Aftercare Program, the Fund can provide grants up to 75% of the costs, to a maximum of $5,000 in each of the first two years of the business operation. Unused portions in any year will not be carried forward.

The Fund derives its revenue pursuant to the *Saskatchewan Gaming Corporation Act*. In 2003 non-repayable grants consisted of $2,000,000 from the Department of Government Relations & Aboriginal Affairs (2002 - $2,000,000).

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses at year end. Actual results could differ from those estimates.

Cash and Investments

Cash and cash equivalents consist of cash on hand and balances with banks, and short-term investments in money market instruments and bankers acceptances.
Short-term investments are recorded at the lower of cost or market value. Long-term investments are recorded at cost less any amounts written off to reflect permanent declines in value.

Capital Assets and Amortization

Capital assets are recorded at cost. Normal repair and maintenance costs are expensed as incurred. Amortization is recorded in the accounts on the diminishing balance basis as follows:

Office furniture	20%
Computer equipment	30%
Computer software	100%

Revenue Recognition

Revenue received or receivable pursuant to the agreement with the Government of Saskatchewan is recognized as revenue if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment and interest income is recognized as revenue when earned.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions and Grants

Contributions and grants under $25,000 are recorded when the Fund Manager has approved the payment and all conditions are met by the applicant. Contributions and grants over $25,000 and less than $50,000 are recorded when the Audit and Finance Committee has approved the payment and all conditions are met by the applicant. Contributions and grants over $50,000 are recorded when the Board has approved the payment and all conditions are met by the applicant.

Financial Instruments

The fair market value of cash, accounts receivable, interest receivable and accounts payable approximate their carrying values. Management does not believe that the Fund is exposed to significant interest, currency or credit risks as a result of these instruments.

3. INVESTMENTS

Short-term investments consist of money market funds and bankers acceptances. The market value of the short-term investments at December 31, 2003 is $5,843,868 (2002 - $5,684,728).

Long-term investments consist of a $286,000 4% five-year first mortgage against land and building owned by Provincial Métis Holdco Inc. The fair market value of this land and building at December 31, 2003 is $710,000.

Long-term investments also consist of a $250,000 fifteen-year first mortgage against land and building owned by Dumont Technical Institute. Interest is renewed annually on December 1st at an interest rate of 2% over the Scotia McLeod five-year banker acceptance rate at that date. Interest in year one will be at a simple interest rate of 5%. The fair market value of this land and building at December 31, 2003 is $640,000.

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable are amounts distributed to qualified projects to provide funding. These amounts are interest-free and repayable to the Fund over a maximum term of seven years. The maximum term for equity instruments is ten years and usually involves the payment of regular dividend payments.

All contributions in arrears are handled on a case-by-case basis and are written-off after all reasonable restructuring/collection activities have taken place and the possibility of further recovery is considered to be remote.

4. CONTRIBUTIONS RECEIVABLE (continued)

A contribution is classified as non-performing when management has determined that there is a reasonable doubt as to the ultimate collectability of principal. The provision for defaulted contributions receivable consists of specific items established on a case-by-case basis and a general provision of 10% of the outstanding contributions receivable.

The Fund evaluates each client's creditworthiness on a case-by-case basis. The Fund contracts project assessment and project follow up and evaluation services from other qualified institutions or businesses, where necessary. All applicants are required to enter into a contractual agreement with the Fund. Further, the Fund is required to ensure Métis ancestry when granting an equity contribution.

Contributions receivable are principally the financial instruments which potentially subject the Fund to concentrations of credit risk. Management is not aware of any concentrations of contributions to classes of borrowers or industries that would be similarly affected by economic conditions. Although the Fund's contributions portfolio is diversified, a substantial portion of its borrowers' ability to honour the terms of their loans is dependent on business and economic conditions in Saskatchewan.

Contributions receivable consist of the following:

	2003	2002
Contributions receivable	$ 1,990,226	$ 2,109,554
Less provision for defaulted contributions		
Specific items	(92,487)	(244,055)
General provision	(214,775)	(186,550)
	1,682,964	1,678,949
Less current portion	(519,796)	(498,443)
Non-current contributions receivable	$ 1,163,168	$ 1,180,506

The fair value of contributions receivable is not readily determinable as there is no market for the contributions receivable and it is management's intention to hold these receivables to maturity.

5. CAPITAL ASSETS

	2003			2002
	Cost	Amortization	Value	Value
Office furniture	$ 47,506	$ 17,526	$ 29,980	$ 21,402
Computer equipment	34,274	19,995	14,279	15,280
Computer software	2,623	2,623	-	-
	$ 84,403	$ 40,144	$ 44,259	$ 36,682

6. RELATED PARTY TRANSACTIONS

Transactions with related parties are measured at the exchange amount of consideration established and agreed to by the related parties.

During the year, the Fund paid $3,000 (2002 - $4,500) to the Métis Nation in contributions for qualified projects. The Fund also paid $2,133 (2002 - $40,138) to the SaskNative Economic Development Corporation (SNEDCO), beneficially owned by the Métis Nation, in non-repayable grants for the preparation of business plans, credit checks and basic office expenses. The Fund also paid $1,217 (2002 - $7,088) to the Dumont Technical Institute, the educational arm of the Métis Nation, in contributions for qualified projects and $250,000 for a first mortgage against the property owned by the Dumont Technical Institute. The Fund also paid $609 (2002 - $2,481) for office rent and $nil for other payments (2002 - $286,000 for a first mortgage) to the Provincial Métis Holdco Inc., a wholly owned subsidiary of the Métis Nation.

Pursuant to an agreement between the Government of Saskatchewan and the Métis Nation, the Fund provided the Métis Nation with non-repayable grant of $100,000 (2002 - $85,000) for further development to the Batoche historic site. Funds were disbursed directly to suppliers as requested by the Métis Nation.

The Fund also provided Back to Batoche Festival Inc. with a donation of $25,000 (2002 - $25,000) for the annual Metis festival in accordance with tne Fund's approved 2003 budget. Back to Batoche Festival Inc. is related to the Métis Nation by way of mutual board representation.

As at December 31, 2003, the Fund has $nil grants payable to related parties (2002 - $85,000 to the Métis Nation and $50,000 to the Dumont Technical Institute).

6. RELATED PARTY TRANSACTIONS (continued)

The Board allows its members to apply for contributions for qualifying projects. During the year, the Board did not approve any new contributions for these projects. At December 31, 2003, outstanding contributions receivable from board members amounted to $70,344 (2002 - $117,076).

7. NET CHANGE IN NON-CASH WORKING CAPITAL

Details of net changes in each element of non-cash working capital relating to operations are as follows:

	2003	2002
(Increase) decrease in current assets		
Accounts receivable	$ (14,768)	$ 6,898
Interest receivable	19,654	11,209
	4,886	4,311
Increase (decrease) in current liabilities		
Accounts payable	-	(8,200)
Contributions payable	(140,255)	36,755
	(140,255)	28,555
	$ (135,369)	$ 32,866

8. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.